

MOTION BY SUPERVISORS KUEHL  
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In Los Angeles County, 2.7 million residents live in poverty, defined by the California Poverty Measure (published by Stanford University and the Public Policy Institute of California) as an annual income of up to \$30,785 for a family of four. If these 2.7 million County residents (27% of the County population) were their own city, it would be tied with Chicago as the third largest city in the country. Under the federal government's official definition of poverty (unchanged since 1965), 1.8 million Los Angeles County residents live in poverty, earning under \$11,700 in annual income for an individual or \$24,250 for a family of four. Regardless of definition, many LA County residents who work full-time earn wages that do not cover the basic costs of living, which should provide for safe housing, healthy food, clothing and basic medical care.

The current minimum wage in Los Angeles County is \$9.00 an hour, set by State law, which equates to \$18,000 a year for a full-time employee. Parents in Los Angeles County are forced to make difficult choices when low wages do not provide sufficient income to provide food, clothing, and shelter for themselves and their children. These families, struggling to meet their basic needs, also cannot fully participate in the many educational, cultural, and recreational opportunities available to them. The disparity

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between the high cost of living in Los Angeles County and the income earned from working full-time at the current minimum wage has made economic inequality one of the most pressing social, economic, and civil rights issues facing our region today.

The City of Los Angeles is one of many U.S. localities looking to set their minimum wage at levels that reflect local economic conditions and living costs. Sixteen U.S. cities and counties have approved new local minimum wage laws over the past two years, with Seattle capturing national attention when it approved a minimum wage of \$15.00 an hour, to be phased in over several years. In California, the cities of San Jose, San Diego, Berkeley, Richmond, Oakland and San Francisco have raised wages over the past year. The City of Los Angeles, home to approximately 40% of the County's residents, is exploring an increase in the City's minimum wage from the current \$9.00 an hour to between \$13.25 and \$15.25 an hour, to be phased in over multiple years. Eight other LA County cities are also considering raising their minimum wage to similar levels.

The County of Los Angeles is able to set minimum wage levels both for County employees and for the 1 million people living in unincorporated areas of the County. The county government is the largest employer in the County, with approximately 96,000 employees, of whom 2,524 currently earn less than \$13.25 an hour. An additional 2,537 employees earn less than \$15.25 an hour. The County also has more than 200 active "Prop A" contracts with private businesses that provide custodial, food service, security, landscaping and other services to County departments. (Proposition A, adopted by Los Angeles County voters in 1978, allows these personal services contracts if they are less costly than performing the work with County employees.)

More than 95% of the County's Prop A vendors pay their 15,000 employees a wage of \$11.84 an hour, and the remaining 5% pay \$9.86 an hour, plus healthcare.

The Board of Supervisors is also the local governing body for the unincorporated areas of Los Angeles County, providing comprehensive municipal services to one million people living therein. Approximately 65% of the County's land area is unincorporated, including large portions of the northern and eastern regions of the County and many smaller areas between the borders of incorporated cities. As allowed under State law, the Board of Supervisors may also set a local minimum wage in LA County's unincorporated areas.

State law, however, does not allow the Board of Supervisors to establish minimum wage levels for the 88 municipalities within its borders. The decision by some of these municipalities to increase wage levels may have significant impacts on regional economic patterns.

With economic inequality and wage stagnation at record levels nationally, it is imperative that the County of Los Angeles engage in this critical policy discussion. Before deciding whether to increase wage levels (and, if so, to what level), County policymakers must fully understand the likely impacts of such increases on all affected, especially on the "mom and pop" establishments that constitute the vast majority of the businesses in the County. (According to U.S. Census data, 76% of LA County businesses are micro-businesses with 1-9 employees.) In addition, the County must consider the impacts on non-profit organizations, on the County as both employer and service-provider, and on the economy as a whole.

In order to evaluate various minimum wage proposals, the City of Los Angeles

commissioned multiple economic studies, including those requested by the Mayor's Office, the City Council and the Los Angeles Chamber of Commerce. These economic studies were recently completed and are now publicly available, providing ample local data to the body of policy research on this issue.

**WE, THEREFORE, MOVE** that the Board of Supervisors authorize and direct the Interim Chief Executive Officer to enter into an agreement to transfer no more than \$95,000 to the Los Angeles County Economic Development Corporation (LAEDC) to analyze and prepare a report on the likely fiscal and economic impact of raising the minimum wage in Los Angeles County. The report should be completed by LAEDC within 45 days and should include, but not be limited to, the following analyses:

- A. **Literature Review:** Review and assess all recent minimum wage studies, along with other contemporary research related to minimum wage increases in large metropolitan areas.
- B. **Unincorporated Areas:** Analyze how the findings from these studies would apply to the County if the Board of Supervisors were to implement a minimum wage in the unincorporated areas of the County similar to those proposed for the City of Los Angeles. In particular, the report should assess the likely impacts of implementing the same minimum wage levels proposed for the City of Los Angeles on workers, businesses, and nonprofit agencies in County unincorporated areas. The analysis should consider how these impacts might vary depending on the size of the enterprise (determined both by number of employees and by revenues), paying special attention to the impacts on the "mom and pop" shops that make up the vast majority of County businesses.

- C. **County Impact:** Analyze the fiscal and economic impact of increasing the wages of the lowest-earning County employees to the same minimum wage levels proposed for the City of Los Angeles and the corresponding impact to County employees at higher levels in the same occupational series.
- D. **County Contractors:** Analyze the fiscal and economic impact of requiring the County's approximately 220 Proposition A vendors and Temporary Services Agencies to also adhere to the same minimum wage levels proposed for the City of Los Angeles.
- E. **Regional Economic Dynamics:** Analyze the impact of these potential wage increases from a regional perspective. In particular, evaluate how wage increases by the City and by the County might impact the movement of jobs and workers across municipal boundaries.
- F. **Affordable Care Act:** Analyze the potential impact that a higher wage will have on County residents who receive health insurance premium subsidies through the Affordable Care Act health exchange, Covered California.

WE FURTHER MOVE that the Board of Supervisors direct the Interim CEO, working with all appropriate County departments, including County Counsel, the Internal Services Department and the Department of Public Social Services, to submit a report to the Board of Supervisors, in 60 days, that:

1. Analyzes the potential impact that a higher wage will have on County residents who receive public benefits, including CalWORKs and CalFresh.

2. Identifies, analyzes and quantifies any other potential impacts to the County of Los Angeles as an employer and as the wage-setting entity for unincorporated County areas.

S:TO/Minimum Wage